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**CITIZENS CARE: ADVOCATE FOR QUALITY
AND CHOICE IN LONG-TERM CARE**

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT**

June 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-6-02

Justin J. Scanlan, C.P.A.
CERTIFIED PUBLIC ACCOUNTANT

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Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Citizens Care: Advocate for Quality and Choice in Long-Term Care

I have audited the accompanying statement of financial position of Citizens Care: Advocate for Quality and Choice in Long-Term Care (a non-profit corporation) as of June 30, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the corporation's 2000 financial statements and, in my report dated October 20, 2000, I expressed an unqualified opinion on these financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens Care: Advocate for Quality and Choice in Long-Term Care as of June 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated November 8, 2001 on my consideration of Citizens Care: Advocate for Quality and Choice in Long-Term Care's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Justin J. Scanlan, CPA

New Orleans, Louisiana
November 8, 2001

**CITIZENS CARE: ADVOCATE FOR QUALITY
AND CHOICE IN LONG-TERM CARE**

STATEMENT OF FINANCIAL POSITION

June 30, 2001

		ASSETS	
			TOTAL MEMORANDUM ONLY <u>JUNE 30, 2000</u>
Cash, including certificates of deposit of \$5,422		\$ 8,758	\$ 25,983
Grant receivable (Note A4 and B)		7,376	-
Prepaid expenses		-	410
Property and equipment-at cost (Notes A5 and C)		<u>1,229</u>	<u>5,283</u>
Total assets		<u>\$ 17,363</u>	<u>\$ 31,676</u>
LIABILITIES AND NET ASSETS			
Accounts payable and accrued liabilities		<u>\$ 2,400</u>	<u>\$ 2,350</u>
Total liabilities		2,400	2,350
Net assets			
Unrestricted		13,146	18,634
Temporarily restricted		<u>1,817</u>	<u>10,692</u>
Total net assets		<u>14,963</u>	<u>29,326</u>
Total liabilities and net assets		<u>\$ 17,363</u>	<u>\$ 31,676</u>

The accompanying notes are an integral part of this financial statement.

**CITIZENS CARE: ADVOCATE FOR QUALITY
AND CHOICE IN LONG-TERM CARE**

STATEMENT OF ACTIVITIES

For the year ended June 30, 2001

**TOTAL
MEMORANDUM ONLY**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>For the year ended June 30, 2001</u>	<u>2000</u>
REVENUE				
Government grants (Note D)	\$ -	\$ 88,521	\$ 88,521	\$ 88,521
Interest	385	-	385	585
Other	4,394	-	4,394	3,626
Net assets released from restrictions	<u>97,396</u>	<u>< 97,396 ></u>	<u>-</u>	<u>-</u>
Total revenue	<u>102,175</u>	<u>< 8,875 ></u>	<u>93,300</u>	<u>92,732</u>
EXPENSES				
Personnel	68,404	-	68,404	64,792
Fringe benefits	5,233	-	5,233	4,924
Travel	3,515	-	3,515	2,115
Supplies	2,169	-	2,169	1,614
Telephone	5,371	-	5,371	4,717
Postage	886	-	886	1,369
Printing and duplicating	171	-	171	185
Insurance	1,403	-	1,403	2,168
Dues and subscriptions	193	-	193	383
Professional fees	2,400	-	2,400	2,350
Bank charges	241	-	241	185
Equipment expense	-	-	-	1,197
Other expenses	13,623	-	13,623	6,932
Depreciation	<u>4,054</u>	<u>-</u>	<u>4,054</u>	<u>1,501</u>
Total expenses	<u>107,663</u>	<u>-</u>	<u>107,663</u>	<u>94,432</u>
Increase <decrease> in net assets	<u>< 5,488 ></u>	<u>< 8,875 ></u>	<u>< 14,363 ></u>	<u>< 1,700 ></u>
Net assets, beginning of year	<u>18,634</u>	<u>10,692</u>	<u>29,326</u>	<u>31,026</u>
Net assets, end of year	<u>\$ 13,146</u>	<u>\$ 1,817</u>	<u>\$ 14,963</u>	<u>\$ 29,326</u>

The accompanying notes are an integral part of this financial statement.

**CITIZENS CARE: ADVOCATE FOR QUALITY
AND CHOICE IN LONG-TERM CARE**

STATEMENT OF CASH FLOWS

For the year ended June 30, 2001

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Decrease in net assets		\$ <14,363>
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	\$ 4,054	
Changes in assets and liabilities:		
Increase in grant receivable	< 7,376>	
Decrease in prepaid expenses	410	
Increase in accounts payable and accrued liabilities	<u>50</u>	<u>< 2,862></u>
Net cash used in operating activities		<u>< 17,225></u>
Net decrease in cash and cash equivalents		< 17,225>
Cash and cash equivalents, beginning of year		<u>25,983</u>
Cash and cash equivalents, end of year		<u>\$ 8,758</u>

The accompanying notes are an integral part of this financial statement.

**CITIZENS CARE: ADVOCATE FOR QUALITY
AND CHOICE IN LONG-TERM CARE**

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Citizens Care: Advocate for Quality and Choice in Long-term Care is a non-profit consumer advocacy organization of persons interested in helping improve the quality of life in nursing homes. By working together, members are able to attract attention to the needs of nursing home residents.

The corporation is supported primarily through government grants. Approximately 95% of the corporation's support for the year ended June 30, 2001 came from government grants.

2. Presentation of Financial Statements

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations," dated June 1993. Accordingly, the net assets of the corporation present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There are no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

3. Revenue Recognition

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

4. Receivables

The corporation considers accounts receivables to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become collectible, they will be charged to operations when that determination is made.

**CITIZENS CARE: ADVOCATE FOR QUALITY
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Donated property and equipment is stated at estimated fair market value on the date donated. Depreciation is provided for in amounts sufficient to relate the costs of depreciable assets to operations over their estimated service lives, on a straight-line basis. Depreciation expense for the year ended June 30, 2001 totaled \$4,054.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$1,000.

6. Cash Equivalents

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Fair Values of Financial Investments

Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments.

9. Total Columns of Combined Statements -- Overview

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**CITIZENS CARE: ADVOCATE FOR QUALITY
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE B - GRANT RECEIVABLE

Grant receivable at June 30, 2001 consists of the following:

Governor's Office of Elderly Affairs	\$ <u>7,376</u>
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NOTE C - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2001 consists of the following:

Property and equipment	\$ 10,650
Less accumulated depreciation	<u>< 9,421 ></u>
	<u>\$ 1,229</u>

NOTE D - SUMMARY OF GRANT APPROPRIATION

The governmental grant and its inclusion in the accompanying financial statements is as follows:

<u>GRANT</u>	<u>PERIOD</u>	<u>GRANT AWARD</u>	<u>REVENUE RECOGNIZED</u>
Governor's Office of Elderly Affairs	7/1/00-6/30/01	\$ 88,521	\$ <u>88,521</u>

NOTE E - INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE F - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE G - SUBSEQUENT EVENTS

Effective July 1, 2001, the corporation decided not to submit its application for a government grant from the Governor's Office of Elderly Affairs to administer its Ombudsman program. The grant represents approximately 95% of its revenue. Management states that its mission will continue through non-federal contributions and the use of volunteers.

SUPPLEMENTAL INFORMATION

**CITIZENS CARE: ADVOCATE FOR QUALITY
AND CHOICE IN LONG-TERM CARE**

COMBINED STATEMENT OF ACTIVITIES

For the year ended June 30, 2001

	<u>Governor's Office of Elderly Affairs</u>	<u>Wisner Foundation</u>	<u>General</u>	<u>Total</u>
REVENUE				
Government grants	\$ 88,521	\$ -	\$ -	\$ 88,521
Interest	-	-	385	385
Other	-	-	4,394	4,394
Total revenues	<u>88,521</u>	<u>-</u>	<u>4,779</u>	<u>93,300</u>
EXPENSES				
Personnel	68,404	-	-	68,404
Fringe benefits	5,233	-	-	5,233
Travel	3,515	-	-	3,515
Office supplies	1,412	-	757	2,169
Telephone	5,371	-	-	5,371
Postage	599	29	258	886
Insurance	1,403	-	-	1,403
Printing and duplicating	74	-	97	171
Bank charges	208	-	33	241
Dues and subscriptions	193	-	-	193
Professional fees	2,400	-	-	2,400
Equipment expense	-	-	4,054	4,054
Other	<u>3,215</u>	<u>8,846</u>	<u>1,562</u>	<u>13,623</u>
	<u>92,027</u>	<u>8,875</u>	<u>6,761</u>	<u>107,663</u>
Increase <decrease> in net assets	< 3,506 >	< 8,875 >	< 1,982 >	< 14,363 >
Transfer to general	3,506	-	< 3,506 >	-
Net assets, beginning of year	-	<u>10,692</u>	<u>18,634</u>	<u>29,326</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 1,817</u>	<u>\$ 13,146</u>	<u>\$ 14,963</u>

Justin J. Scanlan, C.P.A.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors

Citizens Care: Advocate for Quality and Choice in Long-Term Care

I have audited the financial statements of Citizens Care: Advocate for Quality and Choice in Long-Term Care as of and for the year ended June 30, 2001, and have issued my report thereon dated November 8, 2001. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Citizens Care: Advocate for Quality and Choice in Long-Term Care's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Citizens Care: Advocate for Quality and Choice in Long-Term Care's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Citizens Care: Advocate for Quality and Choice in Long-Term Care's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2001-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the audit committee, management, others within the organization and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Justin J. Scanlan, CPA

New Orleans, Louisiana
November 8, 2001

**CITIZENS CARE: ADVOCATE FOR QUALITY AND
CHOICE IN LONG-TERM CARE**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2001

SCHEDULE OF FINDINGS RELATED TO THE FINANCIAL STATEMENTS

The following reportable condition was noted:

2001-1. Segregation of Duties

Finding

Due to the size of the administrative staff, the corporation is too small to effect a meaningful segregation of duties.

Recommendation

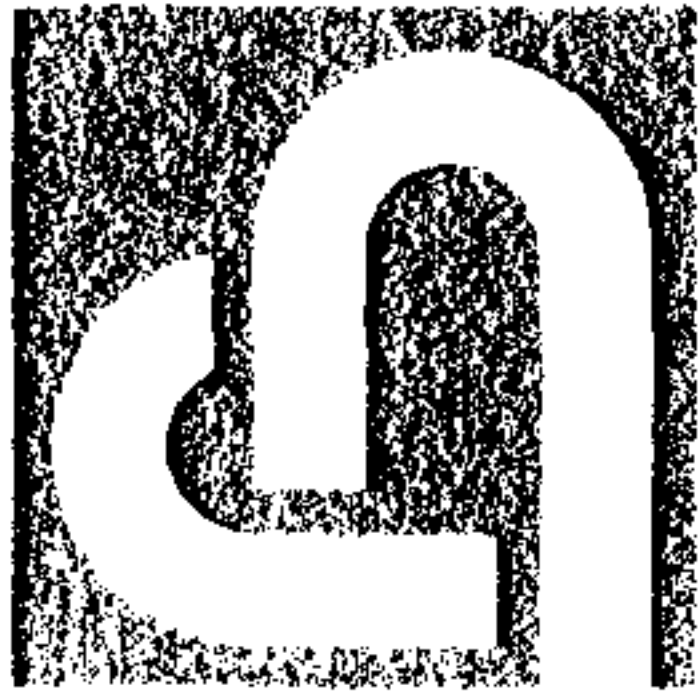
Recommend the Board of Directors continue its significant involvement in the financial affairs of the corporation through the review of monthly and quarterly financial reports.

**CITIZENS CARE: ADVOCATE FOR QUALITY
AND CHOICE IN LONG-TERM CARE**

STATUS OF PRIOR YEAR AUDIT FINDINGS

For the year ended June 30, 2001

	<u>Reportable conditions</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Finding No.</u>
1.	Segregation of duties		X	2001-1



CITIZENS CARE

Advocates for Quality and Choice in Long Term Care

P.O. BOX 56041

NEW ORLEANS, LA 70156

(504) 586-1627 Fax (504) 586-1627

CORRECTIVE ACTION PLAN

MANAGEMENT'S RESPONSE TO REPORTABLE CONDITIONS

1. Segregation of Duties

Due to limited staff, it is not possible to correct.

Alan S. Pincus
Treasurer

November 29, 2001